FINANCIAL NEWS

Dicon buys 2 units with plans to expand

CARMEL, Calif.—The Dicon Corp., previously the financial arm of a food distributor here, has acquired two area restaurants with plans to copy one of the units five times in the next year.

Dicon, according to Wayne Humphrey, vice president and partner, purchased Jensen's, a two-year-old coffee shop with 120 seats and a $5 check average in April. Humphrey said Dicon plans to build five units based on the Jensen's concept by a year from now.

Dicon has also acquired OZ, a 240-seat restaurant with a $12 check average and plans to glass in the 80-seat patio and install a moveable roof overhead, Humphrey said.

Humphrey projected revenues for OZ of $1.5 million after the remodeling. Jensen's, he said, had revenues last year of about $500,000.

City Investing to own GDV

NEW YORK—City Investing Co. was moving at presstime to acquire 100% ownership of GDV Inc. through a $20 a share tender offer.

City Investing owns over 80% of GDV, which in turn has a controlling interest in Sambo's.

Volunteer net soars 128% for 2nd qtr.

NASHVILLE—Volunteer Capitol Corp., the largest franchisee of Wendy's Old Fashioned Hamburgers in the country, reported a 128% increase in net profit to $461,616 for the second quarter ended June 30.

Net sales were up 26% to $18.5 million.

Volunteer Posts Fiscal '80

Volunteer Capitol Corp., which recently launched its own franchising venture, Mrs. Winner's Fried Chicken, posted a net loss of $101,300 for fiscal 1980. Fiscal 1979 profits were $1.7 million.

Profits Up

For the six-month period ended June 30, Volunteer Capitol profits increased from $6,700 to $488,826. Sales for the six-month period increased 22% to $34.5 million.

Volunteer Capitol operated 92 Wendy's and 38 Mrs. Winner's as of June 30.

Skipper's net up 24%

BELLEVUE, Wash.—Skipper's Inc., which operates and franchises 115 Skipper's Seafood 'n' Chowder Restaurants, reported net profit rose 24% to $238,000 for the third quarter ended Sept. 6, compared with the same period last year.

Sales for the quarter rose 15% to $7.8 million.

Eugene Stone, president, attributed the strong quarter to "the effectiveness of the company's operational controls" and "gains in franchise revenues." Skipper's franchises nine units.

Give to

United

Fund

Food-service chain stock analysis table

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION					
		Two weeks ended Oct. 9							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change		5-Year Annual Growth Rate	Profit Margin		Indicated Dvd. Rate		Last X-Dvd. Date	Last Fiscal Year		Current Ratio	Last Fiscal Year (Per Share)		Last Balance Sheet Date
					Change		52-Week						Last Fiscal-Year					Latest P/E Ratio							Long Term Debt	Common Stock Equity	
Name	Symbol	High	Low	Close	Amt.	Pct.	High	Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days		Amt.	Pct.				Amt.	Yield		Revenue	Earnings				
—	—	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	—	$	%	—	$ Mil.	$ Mil.	—	$	$	—
Aca Los A Res	ALAR	6.50	5.88	6.50	1.13	20.93	10.63	5.38	-.52	.92	2.54	-1.39	.34	.02 N	5.8	14.0	5.8	18.1	.00	.0	01-06-81	19.1	1.1	.8	1.1	2	1080
Am Motor Inns	INN	13.75	10.00	13.38	2.13	18.89	21.88	10.00	-.23	.78	-1.78	12.75	1.67	.40 F	31.4	73.0	6.3	8.0	.20	1.5	07-27-81	114.7	6.7	1.4	17.7	8	0780
ARA Services	ARA	27.75	25.38	26.75	-.25	-.93	37.25	25.38	-.18	-.07	4.54	-35.95	5.33	-.36 N	-6.8	7.0	2.3	5.5	2.00	7.5	08-26-81	2806.0	63.2	1.2	21.0	42	0980
Assoc Hosts	AHST	5.38	5.38	5.38	-.13	-2.27	8.63	4.38	-.30	-.73	-2.41	31.88	.80	-.37 N	-36.6	-2.0	3.3	8.4	.12	2.2	06-02-81	76.8	2.5	1.3	6.7	6	0980
Beefstk Char	BSCC	3.13	2.88	3.13	.25	8.70	4.88	1.63	.17	.59	-3.93	4.27	.47	.14 S	31.8	41.0	2.3	5.4	.00	.0	00-00-00	37.0	1.0	.8	1.4	2	1079
Bob Evans Farms	BOBE	22.50	18.25	22.25	4.50	25.35	22.69	15.19	.45	-.65	-.65	-29.18	1.35	.29 S	26.1	33.0	9.1	15.9	.40	1.8	09-21-81	125.2	11.4	1.7	.0	5	0480
Bonanza Intl Inc	BNZA	2.13	2.00	2.13	.00	.00	6.88	2.00	-.90	1.32	2.47	36.64	.24	-.43 S	-286.6	-16.0	4.2	NE	.00	.0	00-00-00	25.9	1.1	1.6	12.9	5	1280
Brock Hotel	BHCO	10.63	9.88	10.13	.00	.00	13.16	6.00	-.03	.27	1.54	20.68	.44	-.14 S	-28.0	25.0	4.2	28.1	.08	.8	08-11-81	104.3	4.4	1.0	8.5	3	1280
Calny Food	CLNY	12.75	11.25	12.50	1.25	11.11	15.50	8.50	-.05	.15	-1.27	-41.67	1.35	-.29 Q	-17.1	8.0	2.2	8.9	.20	1.6	07-01-81	41.7	.9	.4	14.4	6	0281
Carrols Develop	CRL	6.50	4.38	6.50	1.75	36.84	12.88	4.38	.44	3.26	.93	-4.45	.95	.49 Q	75.3	34.0	2.4	5.7	.07	1.1	11-17-80	75.6	1.8	.7	11.1	5	0581
Chart House	CHHO	19.38	16.25	19.38	3.38	21.09	22.88	10.06	.39	2.05	2.26	7.55	1.75	.26 S	16.0	12.0	4.9	10.3	.52	2.7	07-16-81	312.5	15.2	1.1	12.3	9	1280
Chi-Chis	CHIC	20.00	16.25	18.63	3.50	23.14	27.25	11.94	.12	-1.83	-.15	-33.52	.46	.36 Q	180.0	35.0	12.4	33.3	.00	.0	06-02-81	7.5	.5	2.1	1.3	1	0480
Ch Full O Nut	CHF	11.75	10.25	11.25	-.13	-1.10	12.38	5.75	.68	.06	3.02	-20.76	.66	-.03 F	-4.3	8.0	2.7	17.0	.40	3.6	06-24-81	118.8	3.3	2.5	1.1	5	0780
Churchs Fr Ch	CHU	29.38	27.38	28.63	.50	1.78	37.38	23.25	-.05	-1.17	.70	-34.12	3.01	.55 N	18.7	24.0	9.9	8.2	.84	2.9	10-26-81	386.5	38.1	1.4	1.1	13	1280
Cindys Inc	CNDYC	2.88	2.75	2.75	.00	.00	4.63	1.50	-.13	-.66	-3.31	-26.76	-1.43	-1.09 F	NE	NE	-17.3	NE	.00	.0	00-00-00	16.8	-2.9	.0	6.2	0	1280
Collins Foods	CF	15.63	13.75	15.50	1.75	12.73	19.88	9.50	-.04	-.23	.09	.65	2.08	.31 Q	15.1	5.0	2.8	6.6	.32	2.1	06-24-81	265.2	7.5	1.4	14.2	17	0481
Dennys Inc	DEN	28.00	22.13	27.75	5.38	24.02	31.75	17.13	.54	-.36	4.32	-21.29	2.96	1.03 F	53.3	6.0	3.2	9.4	.88	3.2	09-03-81	708.8	17.0	1.1	27.6	17	0680
Dunkin Donuts	DUNK	13.13	11.25	13.13	1.50	12.90	18.25	9.34	.07	.02	-2.08	4.26	1.53	.35 N	24.6	21.0	8.2	7.4	.30	2.3	08-17-81	60.0	4.9	1.5	12.4	9	1080
Frischs	FRS	6.75	6.00	6.50	.13	1.96	8.50	4.75	-.23	-1.11	-3.25	-86.54	1.45	.25 F	20.8	10.0	3.0	4.5	.38	5.8	09-29-81	97.0	2.9	1.2	7.5	13	0581
Ginos	GNO	14.63	7.50	13.75	5.88	74.60	14.63	6.75	2.71	3.07	11.70	4.20	1.67	1.40 S	NE	1.0	1.4	14.9	.44	3.2	08-13-81	320.8	4.5	.9	38.2	11	1280
Hambrg Hamlet	HAMB	6.75	6.75	6.75	.00	.00	9.00	6.25	.15	-.62	-11.43	.00	.27	-.95 F	-77.8	-16.0	.7	25.0	.00	.0	00-00-00	24.0	.9	1.0	18.1	12	0380
Hardwicke	HAWK	2.75	2.75	2.75	-.25	-8.33	12.00	2.75	-1.45	-.66	-2.45	-10.00	.44	-.20 N	-34.4	-10.0	8.6	7.2	.00	.0	00-00-00	22.2	1.9	1.8	13.8	10	0980
Hilton Hotels	HLT	36.00	33.25	34.75	.75	2.21	52.25	33.25	-.28	-.72	.44	16.59	4.00	.26 S	6.7	37.0	20.3	8.5	1.60	4.6	08-31-81	523.1	106.1	2.2	4.6	17	1280
Holiday Inns	HIA	26.00	21.88	24.88	2.38	10.56	33.25	21.13	-.20	1.92	1.14	6.79	2.92	.52 S	20.1	27.0	7.1	8.0	.74	3.0	09-14-81	1533.8	108.3	1.0	17.6	22	1280
Holiday Inns A	HIA A	37.00	33.00	37.00	2.75	8.03	48.75	32.25	-.58	1.72	5.47	.00	NA	NA	NA	NA	NA	NA	.00	.0	00-00-00	NA	NA	NA	NA	NA	NA
Horn & Hardart	HOR	9.75	8.00	9.00	.50	5.88	22.38	8.00	-.59	-2.04	-3.90	-39.33	.96	.00 S	.0	41.0	3.1	9.1	.00	.0	03-10-80	128.2	4.0	1.8	16.9	7	1280
Host Intl	HII	13.63	12.38	13.00	.50	4.00	24.25	12.00	-.09	-.92	-.27	-33.59	2.74	-1.05 S	-36.3	13.0	3.9	7.1	.60	4.6	09-09-81	356.7	14.0	1.1	12.6	17	1280
Hungry Tiger	HTIG	7.00	6.75	7.00	-.50	-6.67	9.38	4.88	.27	-.56	-.04	33.75	.92	.13 F	16.4	64.0	3.2	7.6	.00	.0	08-24-81	39.1	1.3	.9	6.0	3	0880
Imperial Grp	IMT	1.19	1.06	1.13	-.06	-5.26	2.00	1.06	-.30	-2.91	.03	-38.81	.62	-.15 S	-21.1	28.0	2.1	2.0	.16	14.2	09-28-81	8700.9	178.4	.9	.8	3	1080
Intl Dairy Queen	INDQ	12.25	12.25	12.25	.00	.00	13.25	7.50	.15	-.64	-3.99	20.91	1.34	.30 N	22.7	51.0	6.1	7.6	.00	.0	00-00-00	77.2	4.7	1.1	12.8	5	1180
Int King Tab	IKNG	2.00	1.88	2.00	.13	6.67	3.38	1.75	-1.46	-1.08	2.25	-60.66	-.65	-.06 F	NE	-35.0	-3.1	NE	.00	.0	10-09-79	32.0	-1.0	.3	5.4	3	0681
JBs Rest	JBBB	3.25	3.00	3.13	.13	4.17	4.50	2.63	-.39	-1.34	-.93	-52.53	.35	.54 N	NC	-2.0	2.0	5.8	.00	.0	00-00-00	29.8	.6	1.1	3.9	5	0980
Jerrico Inc	JERR	21.75	20.13	21.75	2.75	14.47	27.63	13.50	.09	.10	-.27	-30.57	1.70	.39 F	29.7	15.0	5.5	12.8	.12	.6	08-18-81	313.6	15.1	1.2	3.9	8	0680
Kapok Tr Inns	KTI	4.25	3.75	4.13	.25	6.45	4.38	3.25	.35	-.44	2.23	3.66	.26	-.43 N	-143.3	-21.0	3.6	NE	.00	.0	00-00-00	16.8	.6	2.1	2.4	6	0980
Kelly Johnston	KEJO	13.00	10.75	13.00	2.25	20.93	16.25	10.75	-.34	1.89	-3.00	25.41	.58	.67 Q	NC	159.0	5.9	19.4	.00	.0	00-00-00	11.9	.7	.4	.8	1	0381
Kinnard Cos	KCNI	5.75	4.50	5.25	.50	10.53	9.00	4.50	-.28	-2.03	2.31	26.47	-.60	-.60 Q	NC	-93.0	-66.7	NE	.00	.0	00-00-00	2.1	-1.4	.3	.4	1	1280
Lubys Cafeterias	LUBY	26.25	23.50	26.25	2.00	8.25	28.19	17.00	.15	.35	-.50	-10.79	1.19	.28 N	25.2	25.0	8.9	18.9	.48	1.8	09-08-81	89.9	8.0	1.6	.9	5	0880
Marcus Corp	MRCS	5.25	5.00	5.25	.25	5.00	7.28	5.00	-.20	.12	-5.38	-15.63	1.15	.08 F	7.4	9.0	5.8	4.6	.00	.0	08-24-81	98.2	5.7	.7	3.7	7	0580
Marriott Corp	MHS	34.63	31.63	34.13	1.63	5.00	47.00	27.88	.00	-.40	2.49	35.83	2.60	.59 N	23.9	28.0	4.2	11.2	.24	.7	09-21-81	1718.7	72.0	.9	22.4	12	1280
McDonalds Cp	MCD	66.63	57.38	65.25	7.13	12.26	70.25	43.38	.56	.33	1.27	-16.08	5.49	.99 S	19.5	19.0	10.1	10.8	1.00	1.5	07-28-81	2184.3	220.9	.7	24.2	28	1280
Morrison Inc	MORR	9.00	8.25	8.75	.38	4.48	13.88	8.25	.13	-1.20	-.72	-14.01	.95	-.04 Q	-4.0	6.0	3.9	9.2	.32	3.7	10-09-81	319.8	12.4	1.3	2.7	7	0581
Mr Steak	MSST	3.13	2.25	3.13	.88	38.89	4.75	2.25	-.15	2.73	-1.98	4.00	.19	-.65 S	-91.5	27.0	.5	52.1	.02	.6	05-29-80	56.3	.3	1.6	3.9	5	0980
Nathans Famous	NATH	.88	.88	.88	.00	.00	2.38	.88	-.65	.00	.95	-9.09	-.34	-.29 S	NE	-78.0	-2.8	NE	.00	.0	00-00-00	24.9	-.7	.3	.7	3	0380
Oakbrook Cons	OKCO	9.50	9.25	9.50	.25	2.70	12.25	9.25	-.30	.16	-4.00	-20.00	1.28	-.16 F	-11.1	19.0	1.0	7.4	.32	3.4	09-10-81	126.2	1.3	.8	4.9	11	0980
Orange-co	OJ	8.63	7.13	8.25	.50	6.45	9.25	5.00	.47	-.95	1.78	-19.32	.50	-.79 N	-46.7	23.0	3.0	9.2	.15	1.8	08-20-81	76.4	2.3	2.6	9.8	6	0880
Piccadilly Caf	PICC	14.75	14.13	14.25	-.38	-2.56	19.00	11.88	-.40	-1.07	-.79	25.13	1.30	.25 F	23.8	13.0	6.1	11.0	.48	3.4	09-09-81	115.4	6.4	1.2	.0	6	0680
Pizza Inn	PZA	8.00	5.75	7.75	1.63	26.53	11.50	3.88	-.24	.98	.47	1.27	.59	.08 S	15.3	-3.0	1.4	12.9	.00	.0	00-00-00	120.7	1.7	1.1	14.0	6	1280
Ponderosa Sys	PON	15.50	11.75	14.75	2.38	19.19	19.75	9.88	.31	-.48	.82	-13.85	.60	-.25 S	-17.0	1.0	.8	12.1	.40	2.7	09-15-81	329.6	2.6	.8	22.3	15	0281
Ramada Inns	RAM	6.38	5.25	6.25	.75	13.64	12.50	5.25	-.34	2.54	-2.45	6.43	.53	.36 S	112.5	26.0	4.1	9.2	.12	1.9	10-19-81	366.1	15.1	.8	14.4	6	1280
Restaur Assc	RA	5.13	4.13	5.00	.75	17.65	8.25	3.13	.17	-1.06	-1.64	-15.04	.64	.49 S	84.4	28.0	1.6	4.7	.00	.0	00-00-00	95.8	1.5	1.3	3.9	5	1280
Saga Corp	SGA	19.75	16.00	18.88	2.75	17.05	23.75	7.25	.16	-.17	-.52	21.71	2.36	.85 F	56.2	2.0	1.4	8.0	.44	2.3	08-17-81	819.0	11.6	.9	9.3	15	0681
Sambos Rests	SRI	3.63	2.88	3.50	.50	16.67	7.88	2.88	-.58	3.53	.69	-8.11	-1.05	3.88 S	NE	-61.0	-2.4	NE	.00	.0	12-19-78	489.2	-11.6	1.2	23.9	2	1280
Shoneys Inc	SHON	17.50	16.00	17.50	1.63	10.24	18.88	12.88	.14	-.66	-1.16	10.16	1.11	.23 N	21.4	21.0	5.6	13.5	.20	1.1	06-26-81	210.6	11.8	1.0	1.6	6	1080
Sonesta Hotel	SNSTZ	10.25	10.00	10.25	.25	2.50	15.00	7.50	.04	-.15	-1.63	-76.47	2.24	1.56 S	127.8	101.0	3.6	3.7	.16	1.6	07-07-81	137.2	5.0	1.0	19.1	9	1280
Steak n Shake	STAK	3.13	2.38	3.13	.75	31.58	3.25	1.44	.45	2.23	7.03	29.43	-.03	1.10 N	NE	-28.0	-.2	13.0	.00	.0	05-17-79	60.4	-.1	.8	4.7	3	0980
Valles Steak	VLE	5.75	4.75	5.38	.63	13.16	7.63	4.25	.33	-.73	-.11	-14.06	-.22	-.35 Q	-205.8	-26.0	-.9	NE	.00	.0	11-01-78	65.6	-.6	1.3	7.8	10	0381
Victoria Stations	VSTA	7.63	6.25	7.25	1.00	16.00	11.25	5.88	.28	2.70	2.20	-5.62	-1.85	.72 S	NE	-37.0	-4.3	NE	.00	.0	09-19-79	134.5	-5.8	1.0	9.0	10	0381
Volunteer Cap	VLCC	7.63	6.50	7.63	.75	10.91	8.88	4.63	.00	-.71	-1.89	22.15	-.05	-.19 S	-50.0	-11.0	-.2	40.1	.00	.0	00-00-00	62.1	-.1	.6	13.7	6	1280
Wendys Intl	WEN	15.63	12.88	15.13	1.63	12.04	19.38	8.59	.64	.86	-.54	-14.97	1.33	.29 S	25.4	30.0	8.7	10.6	.28	1.9	08-10-81	347.0	30.1	5	2.8	8	1280

KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year Other than a quarterly multiple resulting from a fiscal year change.

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

Chi Chi franchisee 1st qtr. profits rise

MINNEAPOLIS—Consul Corporation, a franchisee of Chi-Chi's Mexican restaurants, reported net profits rose to $187,184 during the first quarter from a net loss of $64,101 during the comparable period last year.

Sales for the quarter, which ended Aug. 31, 1981, were $3.1 million vs. $1.3 million for the same period in 1980, according to Merrill J. Anderson, chairman of the board.

Anderson attributed the strong performance to the success of Consul's newest Chi-Chi's location opened in June in the Milwaukee suburb of Brookfield, plus continuing sales at the companies five other properties, including four Chi-Chi's and a Mamalu's Barbeque restaurant in Minneapolis.

The chairman said he anticipated better results for the coming quarter due to the inclusion of a Chi-Chi's in the Minneapolis suburb of Richfield, which Consul acquired effective Sept. 1, 1981. The company expects to open its first Canadian restuarant in mid-November in Surrey, a Vancouver B.C., suburb.

EARNINGS REPORT

Company	Period	Period Ended	Total Sales*	% Change	Revenues*†	% Change	Net Income (Loss)*	% Change
Calny Food Services	6 mos.	8/15	$ 19.646	3			$ 0.610	18
	3 mos.	8/15	9.950	0			0.315	12
Carrols Development	3 mos.	8/31			$ 21.135	3	1.661	14
Chock Full o'Nuts	1 yr.	7/31	118.710	0			5.937	– 12
Church's Fried Chicken	36 wks.	9/6			292.983	12	30.124	25
	12 wks.	9/6			103.175	9	10.468	36
Hungry Tiger Inc.	1 yr.	8/28	49.858	28			1.616	20
	3 mos.	8/28	12.149	23			0.427	24
Int'l Dairy Queen	9 mos.	8/28			74.672	18	4.870	13
	3 mos.	8/28			30.103	10	2.740	4
Int'l Multifood Corp.	3 os.	8/31	278.800	10		6.027	16	
Marriott Corp.	3 mos.	9/11			503.400	15	28.200	11
Morrison Inc.	3 mos.	8/29			85.553	14	3.513	10
Piccadilly Cafeterias	1 yr.	6/30	127.200	10			7.800	22
	3 mos.	6/30	33.300	16			1.725	– 2
Skipper's Inc.	36 wks.	9/6			23.381	13	0.696	131
	12 wks.	9/6			7.822	15	0.238	24

Source: *Company earnings reports*

—loss in corresponding period
**In millions*
†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.

Collins Foods first qtr. net inc. jumps 43%

LOS ANGELES—Collins Foods International, operator of Sizzler Family Steak Houses and Kentucky Fried Chicken restaurants, reported net income for the first quarter, ended July 31, rose 43% to $2.37 million compared with the same period last year. Revenues for the quarter were $73.85 million, up 14%.

James A. Collins, chairman, said consumer demand continued to increase at the company's Kentucky Fried Chicken stores, while per-unit sales of the Sizzler company-owned restaurants continued on the uptrend established during the first half of the prior fiscal year.

At the end of the quarter, Collins operated or licensed 468 Sizzlers and operated 231 KFC stores as well as six Collins Foodservice distribution centers.

Piccadilly net profits climb 24%

BATON ROUGE, La.—Piccadilly Cafeterias scored a 24% gain on net profits, reaching $7.85 million, for the fiscal year ended June 30.

Sales were up 10% to $127.2 million, the company reported.

For the fourth quarter, a three-month period, profits were down 2%, to $1.7 million, on sales of $33.3 million, a 17% gain.

During the year, four cafeterias were opened, one of them in the fourth quarter in Baytown, Tex., and three were closed. A new unit was due to open in October in Chesapeake, Va., bringing the number of stores to 80 in 13 Sunbelt states.

Carrols year-end net inc. up

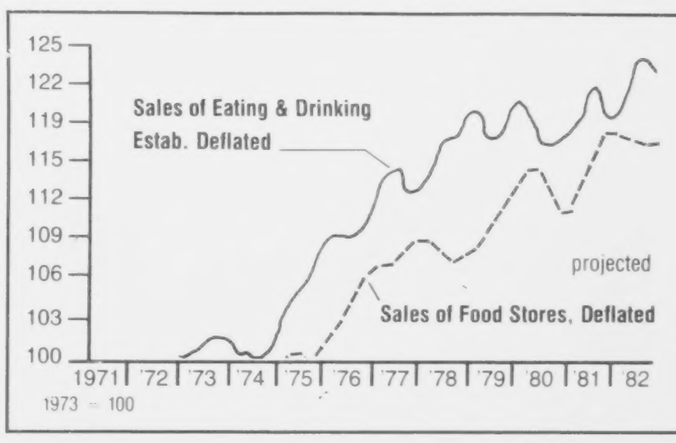
SYRACUSE—Carrols Development Corporation, operator of franchised Burger King restaurants, a food-distribution service and motion picture theaters, reported net income rose 12% to $2.4 million in fiscal 1981, ended May 31, compared with fiscal 1980.

Revenues rose 14% to $76 million.

At year-end, Carrols operated 78 Burger Kings, the same number it operated at the end of fiscal 1980. The company said, however, that earnings from the restaurants and the food distribution service "increased significantly" while theater earnings decreased.

L/F ECONOCYCLE

October eat-out gains to top 3%



Eating & Drinking Estab.

Sales Change By Quarter

	'80 1Q %	'80 2Q %	'80 3Q %	'80 4Q %	'81 1Q %	'81 2Q %	'81* 3Q %	'81* 4Q %
Sales include Inflation	10.2	9.3	8.3	7.2	7.4	11.9	11.9	9.5
Real sales (Deflated)*	0.0	– 0.1	– 0.9	– 1.8	– 2.1	2.8	3.9	2.6

Base = June 1981 Sales
*Projected

12-Month % Change

'79 %	'80 %	'81* %
13.0	9.0	10.0
2.0	0.7	2.0

The Lebhar-Friedman spending indicator (below) continues to mirror persistent upward growth of retail sales through the balance of 1981. In fact, a sharp pickup in the spending rate now suggests a resurgence of consumer confidence that may lift current sales-projections beyond forecast levels in the last two months of the traditional "golden quarter."

General retail sales (chart below) should move ahead 4.1% this month against same-month sales in 1980. This follows a third-quarter performance of 3.4% for all retailing and hints strongly at better-than-bargained-for results in the November-December selling period.

The L/F Econocycle projection is for continued "spotty" performances by specific retail categories. Department stores are being clocked for a 6.1% rate-of-gain this month—and will be running ahead of all other retailers for the first time this year.

Food-service operators, on the other hand, should roll up gains of nearly 3% this month compared to same-month 1980 volume. The eat-out segment of retailing, in fact, seems to be on a healthy foundation, with a third-quarter increase of nearly 4%, according to just-released Econocycle computations.

Over the next three months, food-service sales are expected to move ahead in the plus 3% range.

Looking further ahead to 1982, L/F's computer model indicates a possible plateauing of industry volume—with marginal increases at best through the early months of the new year.

Spending Indicator
Total Retail Sales, Deflated
Household Spending
projected
1971 1972 1973 1974 1975 1976 1977 1978 1979 1980 1981 1982

Sales/Include Inflation
% Change By Quarter

		Total Retail Stores	Food Stores	Eating & Drinking	Building Materials Hardware Stores	Drug Stores	Furniture & Appliance Stores	Apparel Stores	General Merchandise Stores	GAF Stores
1980	1Q	9.4	11.0	10.2	7.2	11.9	10.5	3.3	9.1	8.1
	2Q	5.0	10.3	9.3	8.4	11.2	2.5	4.6	4.8	4.3
	3Q	5.9	11.2	8.3	9.4	10.3	1.0	4.3	4.3	3.5
	4Q	7.3	10.6	7.2	1.5	14.1	5.1	6.4	5.8	5.8
1981	1Q	10.2	10.5	7.4	8.4	10.4	8.4	9.8	7.9	8.4
	2Q	11.9	10.5	11.9	15.4	11.1	8.8	8.2	11.8	10.4
	3Q*	10.3	7.9	11.9	13.9	9.7	7.2	8.2	10.6	9.3
	4Q*	9.4	7.5	9.5	5.5	6.3	7.2	7.2	7.0	7.1
% change 12 mos.	1979	11.0	12.0	13.0	12.0	11.0	15.0	6.0	9.0	10.0
	1980	7.0	11.0	9.0	3.0	12.0	5.0	5.0	6.0	5.0
	1981*	10.0	9.0	10.0	11.0	9.0	8.0	8.0	9.0	9.0

Real Sales (Deflated)*
% Change By Quarter

1980	1Q	1.2	5.8	0.0	2.6	3.8	4.9	1.4	1.9	1.8
	2Q	5.0	4.9	– 0.1	17.6	2.0	3.4	0.5	2.4	2.0
	3Q	4.2	2.0	– 0.9	18.5	0.5	5.8	0.2	3.4	3.3
	4Q	2.9	0.6	1.8	10.4	3.9	1.1	1.5	2.0	1.1
1981	1Q	0.7	1.4	2.1	1.2	0.2	2.2	5.9	0.9	2.2
	2Q	3.4	0.3	2.8	6.3	1.2	3.1	4.0	5.2	4.5
	3Q*	3.4	2.6	3.9	5.1	1.4	2.3	4.7	5.2	4.5
	4Q*	4.0	5.8	2.6	2.7	– 0.5	0.5	4.7	1.6	2.1
% change 12 mos	1979	1.0	2.0	2.0	4.0	4.0	9.0	3.0	3.0	4.0
	1980*	3.0	3.0	– 0.7	12.0	2.0	1.0	0.1	1.0	1.0
	1981*	3.0	2.0	2.0	2.0	0.6	2.0	5.0	3.0	3.0

Base June 1981 Sales
*Projected

About Econocycle

The source for the L/F Econocycle index is the Econostat Applied Economic Research Unit of The Hague, Holland. This unit consults for Government and major corporations on three continents. Its projection techniques are based on the Econocycle System, a computerized system designed by the Econostat team of economists.

Because of the changing pace of inflation in the United States, retail sales figures in the L/F Econocycle projections have been adjusted to take account of inflation. All statistics are shown in *real* terms. The charts (above, facing) represent the trend cycle. The data has been seasonally adjusted and smoothed—and is updated each month. Source for current sales and the deflator series is the U.S. Dept. of Commerce.

Where an *Index Base* is indicated, all data is converted to index numbers, starting from a common base (= 100) in order to establish meaningful performance comparisons.

EMPLOYEE ATTITUDES

Employers must boost morale, study reveals

By Donald Frazier

Mild language; broad implications, even sweeping ones.

The conclusions of *Nation's Restaurant News*' recently completed second employee attitude study (the first was in 1978) cut to the heart of every food-service operator's principal concern—his people. What they feel about what they do, why they feel that way, and what the operator can do to make them feel better about it.

There's some bad news: that the overall level of job satisfaction felt by the people in the industry dropped from the 1978 level of 158.1 to 152.4—only 17 points above neutral on a 270-point scale.

But there's good news, too: the operator *can* do something to reverse this trend. This year's survey identified specific characteristics of operations where morale is high. These things range from the concrete (like the development of an employee handbook) to the vague (like the development of "people-conscious" unit managers).

But all have proven successful in giving employees a sense of identification with their workplace and a sense of pride in their professions. It's these, the operator knows, translate directly into higher productivity.

They can also reduce turnover, the costs of which are still not fully understood even by the most astute operators. According to Martin Rabkin of SHR International, the firm that conducted the survey this year and in 1978, the average cost of replacing an hourly minimum wage employee is about $450. The figure for skilled and semiskilled positions is much higher. This means a restaurant with a 200% turnover—not uncommon in the industry—spends nearly $1,000 a year recruiting, interviewing and hiring and training for one hourly employee's slot.

But the biggest cost of dissatisfied employees takes place before they've left the job, Rabkin and colleague Bill Rogin found in the survey.

"There is a positive correlation between a high turnover rate and a high rate of breakage, absenteeism, pilferage and so on," Rabkin asserted. He addresses this point to those operators who would rather accommodate a high turnover rate than incur the expense of reversing it.

Increasing the satisfaction of workers in the industry is more important now than ever, he said, because the expansion of the 1970's has slowed and the cost of materials continues to rise. "The resource where some of the greatest productivity growth is possible," he says, "is the human sector—labor and management."

Declining Satisfaction

The decline of job satisfaction in 1981 reflects mainly the two areas in which employees felt significantly worse this year than in 1978—pay and promotion. But the causes for this are not the obvious ones, Rabkin insisted.

Pay, for example. Workers dissatisfied with their pay were not complaining because they thought their pay was too low, but because they thought it unjust. About half of the hourly employees surveyed feel their supervisors do not tell them where they stand. Almost half—45%—of the units studied do not have formal employee appraisal programs. This, according to Rabkin and Rogin, leads to a situation where the employee does not necessarily see the connection between pay and work.

One of the study's surprising findings was the discovery of the "diminishing pay raise." Employees who had received a pay hike in the previous year reported an understandably high level of satisfaction with their pay: 183.9. But the effect wears off. Employees who had pay raises within one to three years posted a 177.4 figure; after three years the mark skidded to 172.6.

Reward of Recognitions

"What this shows," Rabkin explained, "is that you can't motivate people with pay and pay alone." He contrasted some food-service operations, where employees receive little more than the minimum wage and yet report satisfaction levels in the 190's, with other workplaces, such as auto plants, where workers are paid $15- to $25-an-hour but, by all measures, are very dissatisfied with their work.

"The significant point relative to merit compensation, of course, lies in the methodology rather than the economics," Rabkin said, adding that "it is the recognition, the reward and the reinforcement that make the investment worthwhile."

In another area, promotions, similar dissatisfactions were found, similar feelings of confusion and helplessness. According to many employees surveyed, promotions had more to do with luck or personal factors than with merit. Although this may or may not be true, the researchers pointed out, the employees' feeling that it stems from the operator's failure to make sure that people understand why he does what he does.

This problem—faulty or nonexistent communication with the staff—is measured more directly by another index. Almost two-thirds of unit employees feel their co-workers are rumor-oriented. This rumor-orientation, Rogin said, is related to the amount of information the staff receives about the company's actions. Only half of the units surveyed held regular staff meetings or had a manager who communicates his goals to his staff, the unit employees reported.

Uncommunicative management contributes to low morale, the study found. Several hourly employees told Rabkin and Rogin that their schedules can be changed, for better or worse, with no explanation by management. This causes hostility at worst or alienation at best, the pair found. "The tendency to withhold information," Rabkin said, "is another symptom of an individual who feels powerless or doesn't have much to control."

It is also, the researchers said, a sign that employees are deprived of consistent decision-making.

The study discerned two measures that can tell employees, by their existence, that management listens to them and is not arbitrary and callous in its actions. These devices are the suggestion box and the handbook.

Their value can extend beyond the impression they create in the workforce, Rabkin added. He said he has seen companies change themselves for the better by the mere act of compiling an employee handbook. "There's no way you can even write the thing without the management systems to back it up. To create a handbook, a company has to take a long, hard look at what it does and why."

Another benefit of an employee handbook, Rabkin said, is its potential for boosting the "team spirit" of the workforce. This is especially important in food service, he added, because many of the jobs in restaurants are easy to learn and provide little satisfaction in themselves. More than three in four restaurant employees feel their work is routine; only half consider it to be challenging; the same number feel that it is less interesting than it used to be. Compared with that in other industries, the satisfaction with work in restaurants is not very high.

This situation, according to Rabkin, would seem to point to an even greater need in the food-service industry to create motivation for employees outside of the work.

Unit managers, the study found, tend to feel powerless to improve the performance of their subordinates. This owes somewhat to the relationship of the unit manager and the field manager which, often, places the field managers in *de facto* control of the units, depriving the unit manager of power to make important decisions.

No Responsibility

But it also owes to management's refusal to delegate to unit managers the power to motivate the unit. In many operations, the survey found, the unit manager is not even responsible for hiring, firing or evaluating his own employees.

The low status of unit managers in the company's hierarchy leads to the development of less-than-effective unit management techniques, the survey found. "The powerlessness felt by managers manifests itself in a controlling, static, rule-minded management style," it said. An employee in such an atmosphere, Rogin said, will do everything possible to avoid punishment, and thus, will withhold cooperation rather than bring himself to his manager's attention.

Changing Workforce

The changes in the profile of the food-service workforce will make the unit manager's job a sensitive one in the coming decade, Rogin said. The workforce is becoming increasingly well educated and varied in age and racial background. The study, however, found that unit managers tend to be skilled in technical areas rather than interpersonal ones. In more than one-half of the units surveyed, unit managers received no training in human resources.

The study's findings also suggest that operators need to re-evaluate the practice of making unit management the company's entry-level job for trainees. Older, more educated workers may not heed or respect the young manager typical in most operations, it inferred.

Unit managers also are dissatisfied

(Continued on page 16)

6,000 respond to survey

The second employee attitude study commissioned by *Nation's Restaurant News* was performed by Bill Rogin and Marty Rabkin of SHR International, Mill Valley, Calif., who presented their findings at the MUFSO conference in New Orleans.

The study was based on a 106-item questionnaire answered by more than 6,000 food-service employees and managers in restaurants of all sizes and types throughout the United States and Canada, as well as in the home offices of restaurant chains.

The questionnaire, mainly unchanged since it was last used in 1978, asked employees to rate their job satisfaction in five areas: work, promotions, co-workers, pay and supervision. The date yielded rankings on a scale of 0 to 54; totaled, these five rankings produced a job satisfaction index. The highest possible figure on this index was 270. A neutral reaction was 135.

The reliability of the survey's methods is well established. The response rate of 40%—somewhat lower among field managers—is extremely high for surveys of this nature.

William Rogin (above) and Martin Rabkin (below) were commissioned by *Nation's Restaurant News* to conduct the employee attitude study.

EMPLOYEE ATTITUDES

Field managers seen torn between conflicting roles

According to the employee attitude study, field managers are caught between two conflicting roles: the old-fashioned, hands-on unit operator and the modern-day analyst of restaurants, people and ideas.

On one hand, field managers are expected to supervise eight or more restaurants, each with dozens of employees, thousands of customers and its own particular set of problems. They report to management on conditions in the field and implement the decisions of the home office.

On the other hand, the survey found, they frequently take an active part in running each restaurant themselves. They must instruct unit managers and assistant managers and, much of the time, are called upon to solve every problem—even the tiny ones.

Small wonder then that field managers are both pleased and frustrated by their work. They like the challenges and demands upon their creativity, but they are hampered by organizational systems which have them wearing two hats at once.

The cause of this frustration? Indecision at the home office, according to Bill Rogin. As part of the research team that conducted the second employee-attitude survey for *Nation's Restaurant News*, he found that many restaurant chains apparently don't know whether they want their man in the field to run the units or merely supervise and inspire those who do.

As a result, he said, just under half of unit employees feel that there the unit manager is "not his own boss." Rogin said this reflects the low pay, prestige and training of unit managers as much as the tendency of field managers to take charge.

Yet he conceded that field managers tend to be "take-charge" individuals, sometimes to the detriment of the company. "The field manager usually has a strong enterpreneurial orientation," Rogin explained. "When he sees something wrong with a unit, he wants to wade in and fix it himself. Hands on. That's where he gets his satisfaction."

Compounding this role confusion, Rogin found, is the career "track" in most restaurant chains, which compels a successful unit manager to become a field manager—whether he is suited for the job or not—for both the professional status and the material rewards. Thus, Rogin said, many field managers have a strong orientation in restaurant operations, and can sometimes be indifferent to their administrative and advisory roles.

Some chains, among the 20 surveyed, have found the solution to this problem lies in encouraging the successful unit manager—with pay and prestige— to remain in the store instead of seeking a promotion to field rank. Field managers, then, are free to become specialists in administration and marketing rather than absentee operators.

This step also improves the satisfaction rating of field managers by allowing them to concentrate on being field managers. Those in chains with strong unit managers tended to score satisfaction ratings higher than the average for all field managers.

Pluses and minuses

Rogin also said that some chains have established regional marketing task forces comprising field managers, unit managers and specialists from the home office. Such groups, he said, can take some of the burden off the shoulders of the field manager by emphasizing the differences between his role in the organization and that of unit managers.

"All of these strategies have one thing in common," Rogin said. "They make it possible—even necessary—for a field manager to think of himself first and foremost as a field manager."

A sign that the chains have not clearly defined the role of the field manager is the high number of such managers who are unsure of what is expected of them. About half said they received no training in their job; two-thirds said their companies did not have a formal performance review procedure.

This is significant in light of the high correlation found in the study between overall job satisfaction and formal programs of training and evaluation.

One field manager in nine also said that his supervisor, usually the regional manager, does not ask his advice—a high figure considering the field manager's job is to provide advice. Two-thirds of the field managers described their companies as being "rumor-oriented." These figures, Rogin said, indicate that many of the companies still rely on the informal channels of communications that are perhaps left over from days when the chains were small enough that no formal information systems were needed.

Where formal channels of communications do exist, the managers said, they tend to flow in only one direction—from top down. They blamed this largely on restaurant chains' reliance on standardized procedures and controls. Strict standards, they indicated, force much of the responsibility for running individual units into their hands by sapping unit management of the initiative to act independently.

Often, field managers said, even a capable unit manager will call the field manager into his unit to solve a problem because he does not feel he is empowered to do so himself.

About half the field managers feel that promotions are regular and 87% of them say the post is not a "dead end." But Rogin suggested that this may be owed to the short tenure of most field managers—they were just promoted themselves.

Most field managers are less satisfied with their pay than unit managers are, and do not like their benefits packages. They perceive a gap between praise for their good work—reported by three-quarters of respondents—and pay increases for good work—reported by only half.

In general, they feel that pay does not depend on performance, although they did not suggest what it *does* depend on.

However, they reserved their greatest ire for other factors. Almost all of them say they "don't have enough time," or their "workload is too large," or that they have "poorly trained unit managers," suggesting that they spend much of their time in units. Another frequent complaint —heat—would appear to confirm this, because a field manager's work is not supposed to be in the kitchen.

The optimum number of units a field manager can oversee efficiently did not emerge from the survey, for two reasons. One is the plethora of factors distinguishing one managers area from another's—the size of the restaurants, the nature of their service, their volume, the geographic dispersion of the area, and so on.

But the major reason lies in the difference in management styles between the chains surveyed. In chains where the field managers are used as super-unit managers and their unit managers are given little autonomy to solve their own problems, the field manager is hard-pressed to supervise as many as four units.

But in chains where the field managers are used solely to supervise and evaluate the units, coordinate marketing efforts on the local level and serve as laison between the unit and the home office, the field manager can handle as many as eight or 10 stores without undue strain.

Rogin predicted the efficient chain of the future will adopt the latter model of field management. One reason is the changing demographic profile in the United States. As the population ages, chains will have increasing difficulty staffing their units with ambitious young managers who will willingly take orders from the field manager. The new generation of unit managers, he says, will be older and will insist on running their own restaurants as much as possible.

The other reason is the gradual, inexorable maturing of the chain restaurant industry. In the coming era of slow growth, Rogin said, efficient field managers will be far more important to the industry than they have been in the past because a company's success will depend on the profitability of each of its units, not on the number of its new units.

The analyst suggested that field managers of the future may not be promoted to unit managers, but rather specialists skilled in marketing or administration instead of running restaurants. "The skills are different," he said.

"For the field manager," he said, "the most crucial determinent of success and satisfaction is organization. But, so far, the role is unchanged. They are trying to do things they shouldn't do because unit managers are programmed not to think. The axiom of promoting unit

"The mature organization is going to have to establish a differnt profile for the role of the field manager."

managers to field managers needs to be questioned.

SATISFACTION LEVELS COMPARED

(Field Managers vs. Unit Managers)

Q: On a scale of 1-54, how satisfied are you with your:

	Pay?	Work?	Coworkers?	Advancement Opportunities?	Supervision?
Unit Managers	31.6	36.6	39.0	42.3	41.9
Field Managers	29.0	39.1	41.2	37.3	42.8

Source: *SHR International*

Employer goal: lifting worker morale

(Continued from page 15)

with pay and promotion. The negative feelings, the study said, were somewhat mitigated by the positive attitudes of the women now managing units. But unit managers, the study detected, are beginning to realize that they may be disappointed if their goal in joining the industry was to advance through a growing company's units to area supervision.

The study also found negative consequences of frequent reassignment of unit managers from store to store. It discovered that this practice keeps managers from developing commitment to their units, creates difficulty for personnel who must continually readjust to a new style of management, and benefits only the ambitious, irresponsible manager who will use a unit for short-term success by doing the things which will cause it harm in the long term.

Counterproductive

It also makes the unit into the manager's home by keeping him from developing roots in the local community. The study found that the lonely young manager often spends from 60 to 80 hours a week in the unit, much of it unproductive or counterproductive time.

The satisfaction of unit managers decreases with the amount of time they hold that job; more than half of the managers surveyed said they do not plan to make a career with their current employer.

Rabkin, charging that the industry has "hired managers because of their achievement motivation and developed them to the extent possible, and then put them into positions where they have nowhere to go," advised the industry to revise its reward system for managers so that good ones will be more content to remain where they are.

Employee satisfaction, the study found, was significantly higher in units where managers are trained and encouraged to use their discretion instead of relying on the home office.

"Too often food-service organizations have made the effort to buy too much order and control at the expense of the flexibility and creativity needed to respond to a changing environment," Rabkin said.

Most articles in this section were written by field editor Donald Frazier.

SATISFACTION RATES OF FOOD-SERVICE PERSONNEL BY JOB

(Highest possible total, 270; neutral reaction, 135)

Job	1981	1978
Bartender	182.9	178.8
Busperson	144.1	163.9
Cashier	146.9	153.2
Chef/Kitchen Manager	163.4	175.6
Cocktail Server	139.8	155.6
Cook	148.0	156.4
Counterperson	144.8	157.5
Dishwasher	146.9	147.0
Food Preparer	149.7	153.5
General Manager	191.7	190.2
Host/Hostess	162.0	165.2
Management Trainee	182.5	193.6
Waiter/Waitress	152.5	152.5

Source: *SHR International*

SATISFACTION RATES OF FOOD-SERVICE PERSONNEL BY SEX

(Each Area Rated on a Scale of 0-54)

Area	Men	Women
Work	27.6	27.8
Promotions	27.8	23.9
Co-workers	36.2	37.7
Pay	22.5	23.4
Supervision	39.5	38.2
Totals	153.7	151.2

Source: *SHR International*

SATISFACTION LEVELS OF FOOD-SERVICE WORKERS, BY AREA

(Each Area Rated on a Scale of 0 to 54)

Area	1981	1978
Work	27.8	26.9
Promotions	25.7	27.2
Co-workers	37.1	39.0
Pay	23.0	25.7
Supervision	38.8	39.4
Totals	152.4	158.1

Source: *SHR International*

READ CLASSIFIEDS

EMPLOYEE ATTITUDES

Chains must concentrate on training process

As important as training of fast-food employees is, such training is "damned tough to do well," according to William Rogin, vice president of SHR International Inc. and workshop moderator on organization attitudinal analysis at MUFSO.

"So much training tells people what must be done, but not how to do it," Rogin said, adding that operations people must be involved in training for programs to be successful.

"If I had to make one basic recommendation relative to training," Rogin said, "I'd involve operations in the training process."

Rogin, co-founder of SHR Inc., a management consultant firm, and a specialist in human behavior, training and conflict resolution, split those attending his workshop into 15 small discussion groups concentrating on topics such as time management, decision-making, demographics, training.

Spokesmen for each discussion group reported back later to the workshop as a whole, with questions and answers following.

Training, according to an SHR report on a survey of fast-food workers, deserves more attention from the fast-food industry because "employees working in units which provide training for hourly personnel have significantly higher satisfaction than those who don't."

The results associated with management training are less conclusive relative to the attitudes of employees," the report said, noting that 29% of the units surveyed have no management training in operations; more than half provide no training in management of human resources; 78% of unit employees feel their supervisors are adequately trained; 62% feel their co-workers are adequately trained.

The discussion group reported that corporations must have a commitment to training and a follow-through on that commitment. The group was about evenly split on the importance of cross-training, and most thought that awards, benefits and other incentives were important.

William Rogin recommends involving operations in the training process for fast-food employees.

On the issue of employee incentives, Rogin said, "If you decide to do it you've got to do it well. Otherwise, it's better not to start on it."

A spokesman for the discussion group on the decision-making process said that communications between headquarters and the unit level must be improved and unit-level managers must be involved in some way in decision-making.

Those discussing time management reported that corporations are often unaware of the number of hours put in each week by unit managers but one company represented in the group had cut hours for managers from 70-80 a week to 40-50 a week by structuring the unit manager's day very exactly.

The Marriott Corp., according to Steve Reinemund, a vice president for the diversified hotel chain, has been "trying to streamline the manager's job. It was staggering for upper management to see what was required of the unit manager."

One pizza chain operator said his chain cut the unit managers' hours from 75 per week to between 50 and 55 by assigning more tasks to assistant managers.

According to the results of a survey conducted by SHR International, respondents who are no longer working in the restaurant industry indicated that long hours were the prime reason for leaving.

"It is not clear whether there is a great deal of inefficiency, people are promoted too fast to be adequately prepared or there is a burden of administrative matters," the SHR survey report said.

"On the other side of the coin," the report continued, "we know that time also has a serious impact upon people's level of satisfaction. In most cases, it takes six months to a year in the current job for satisfaction levels of management to drop below the norm for unit management personnel. And, they continue to decline in relation to tenure."

Expert advises how to coach employees

People who operate and work in full-service restaurants are different from those in the fast-food business, said Donald I. Smith, director, School of Hotel, Restaurant and Institutional Management College of Business, Michigan State University.

Smith said in a MUFSO address that the fast-food "mentality" is back-of-the-house oriented, just the opposite of the full-service operator's front-of-the-house concern.

"With a table service restaurant," he said, "a manager should be out there walking the floor, talking with the customers and should have something going on behind his eyes," when he surveys the unit.

Smith said that operators should look for certain qualities when they hire waiters, waitresses, bartenders and support staff. He cited a service oriented personality, a need for acceptance, high energy and the ability to enjoy ambiguity and perform under stress as "natural qualifications" for food-service employees.

"People who are responsive and smile often are the kind of people needed for this service-oriented business," he said.

Smith divided potential employees into four categories: the unconscious incompetent, the conscious incompetent, the unconscious competent and the conscious competent.

His advice to employers is to stay as far away from the unconscious incompetent as possible. That is a person with no natural qualifications, no skills and no hope of ever learning them.

The conscious incompetent has the natural qualifications he mentioned but lacks the desire to learn the skills needed for the job. Smith says this person lacks self-motivation.

The unconscious competent is a person who has the qualifications, and the confidence and can do a great job without ever having really learned the skills. For example when Smith was a football coach he recruited a student "who could throw a 50 yard pass, but couldn't tie his shoelaces." As coach, Smith felt he had to make the player play ball the way all the other players did or not at all.

"I coached the kid down to an average 35 yard pass," he lamented.

"If somebody is doing a great job, but they are not doing it your way leave them alone." He stressed the fact that individuals must have some freedom to express themselves.

Lastly, he said, is the conscious competent: the ideal food-service worker. This person has the natural qualifications, the confidence and can learn the skills an operator can teach. All this employee needs is coaching "and that's where you come in," he told the participants.

Smith's "coaching style management model for winning" centers around the following 10 points:

- Players must understand the worthwhileness of the game and the objectives of the team.
- Players must understand what position they play and have a playback with clearly defined and measurable objectives.
- Players must strive for perfect execution and a proper coach will describe, demonstrate, practice and correct without punishing poor performance.
- Players must have a "success experience." Tell them when they've done it right.
- Coach basics—practice "stance and starts" every day. Players do that for which they are inspected not expected.
- Let the team see the scoreboard and hear the roar of the crowd (on a weekly basis).
- Reward players for individual performance. (Players are people, too. Not all are going to make it, don't forget to cut.)
- Assist the quarterbacks to call his/her own games. (Decisions are a team process.)
- Remember the weak side end.
- Don't overcoach the unconscious incompetent.

He predicts that in the 1980's operators will be dealing with the most price sensitive market ever. Chains, he said, will have to take the plasticity, the "cookie cutter" plan, out of operations.

Donald I. Smith

Donald Smith's coaching style management model for winning centers on what he describes as the conscious competent individual.

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AVERAGE WEEKLY EXPENDITURES BY TEENS IN 1980

	Total Expenditures	Food and Snacks	Per Cent of Total	Movies and Entertainment	Per Cent of Total
13 to 15 years					
Males	$ 16.00	$ 4.80	30.0%	$ 3.75	23.4%
Females	17.15	3.15	18.4	2.70	15.7
16 to 19 years					
Males	33.70	4.20	12.5	8.45	25.1
Females	35.10	2.65	7.5	4.05	11.5
Total	$101.95	$14.80	14.5%	$18.95	18.6%

Source: *Rand Youth Poll, April 1981.*

Teen market—good catch

WASHINGTON—Even as the country's teenage population continues to decrease, its growing affluence should make it a formidable market force in the restaurant industry through the 1980's.

By the end of the decade, 13- to 19-year-olds could be spending almost $13 billion (in current dollars) on food and snacks, more than double the $5.6 billion teens spent on these items in 1980.

These are some of the projections the National Restaurant Association is making about the role teenagers will play in the restaurant market. The association's views, based in part on results of a recent nationwide survey of teenagers by the Rand Youth Poll, are contained in the current issue of NRA's publication *Foodservice Trends*.

According to the NRA, teenagers "will continue to provide the food-service industry with an excellent growth market," primarily because:

—Teen affluence has been increasing. Personal spending by 13- to 19-year-olds increased more than 50% from $26.1 billion in 1976 to $39.1 billion in 1980. And almost 15% of the $39 billion was spent on food and snacks.

—Despite a 6.6% decline in the teen population between 1976 and 1980, and though this trend is projected to continue through 1990, the sheer number of teenagers is still tremendous and will remain so with no fewer than 22.5 million in their teen years at decade's end.

Strong Market

Thus, their numbers make teenagers a strong market force. Moreover, by 1992, the number of teenagers will begin increasing as a result of higher birth rates in the late 70's, the NRA said.

There are other reasons as well why the restaurant industry should pay attention to the teen market, according to the NRA.

Teenagers, the Rand survey shows, earn an average of $68.20 a week, almost 55% of their total weekly income, with the rest coming from allowances. The large percentage of income derived from earnings indicates that many probably have part-time jobs, the NRA says. Thus, teenagers "may find it easier and more convenient to eat out while at work, and because they earn such a large share of their income, they may be more inclined to spend it on more discretionary items" such as food and snacks.

Advertising Strategy

In addition, the Rand survey found, teenagers today have great influence on household expenditures. Their opinion counts when the family decides where to eat out. Says the NRA: "Advertising dollars targeted toward the teenage market could be a significant factor in attracting the entire family to a restaurant."

Teenagers are more important to some segments of the industry than to others:

Those in the 13-to-17 age group accounted for 6.7% of total sales at fast-food restaurants in the period between September 1979 and August 1980, and 6.6% of sales at take-out restaurants, the NRA said. On the other hand, they accounted for a relatively smaller proportion of sales at cafeterias and coffee shops, 3.9% and 3.3%, respectively.

Teen spending habits also vary by age and sex, the Rand survey revealed.

For example, total weekly expenditures by females age 13 to 15 were higher than those of their male counterparts in 1980, $17.15 vs. $16.00. Female teenagers, the survey found, are "greater impulse buyers" than males, and shopping is a primary activity while males frequently avoid it.

Also, females spend more on personal appearance items than do males, and females' spending on these items is a significant factor contributing to their larger total spending.

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HOTEL/MOTEL OUTLOOK

Tough economy forcing new strategies—Pages 6

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PRIVATE CHAINS THAT WENT PUBLIC IN 1981

Company	Month of Offer	Amount Raised (Millions)
Fast Food Operators	April	$2.0
Pizza Time Theatre	April	$16.0
Skipper's	May	$4.5
Kelly-Johnson Enterprises	July	$6.6
Esteban's Mexican Foods	August	$1.8
Big Bite Inc.	September	$852.5 (Thousand)
Karcher's	October	$19.6
Pizza Ventures	October	$2.4
Garcia's	October	$8.5

Source: *NRN* Research

Public offerings accelerate as money pressure grows

By Roman Czajkowsky

Prodded by a combination of ambitious expansion plans, the need to raise capital and perhaps, dreams of becoming major powers in the food-service industry, an increasing number of entrepreneurs are taking their restaurant companies public.

In the first three weeks of last month, three restaurant companies—Karcher's, Pizza Ventures and Garcia's of Scottsdale—went public, raising a total of $30 million. That brought to nine the number of chains to go public this year, while several others are know to have filed with the Securities and Exchange Commission (S.E.C.) to make public offerings.

Among those that went public earlier in the year are Skipper's, a Washington state-based seafood fast-food chain of more than 100 restaurants, and Pizza Time Theatre, a 40-unit California, based company whose restaurants offer pizza, video games and other entertainment.

The current trend toward going public is in sharp contrast to the virtually dormant state of the initial public offerings (IPO) market for several years.

In 1980, four companies operating restaurants went public. In 1979, only one did.

Why the sudden rush?

Industry analysts and the companies involved cite several reasons. Prime among them is the current high cost of borrowing money for expansion.

With interest rates hovering in the 18%-20% range for many months now, going public "was

(Continued on page 149)

McD seeking fresh ideas with new ad agency

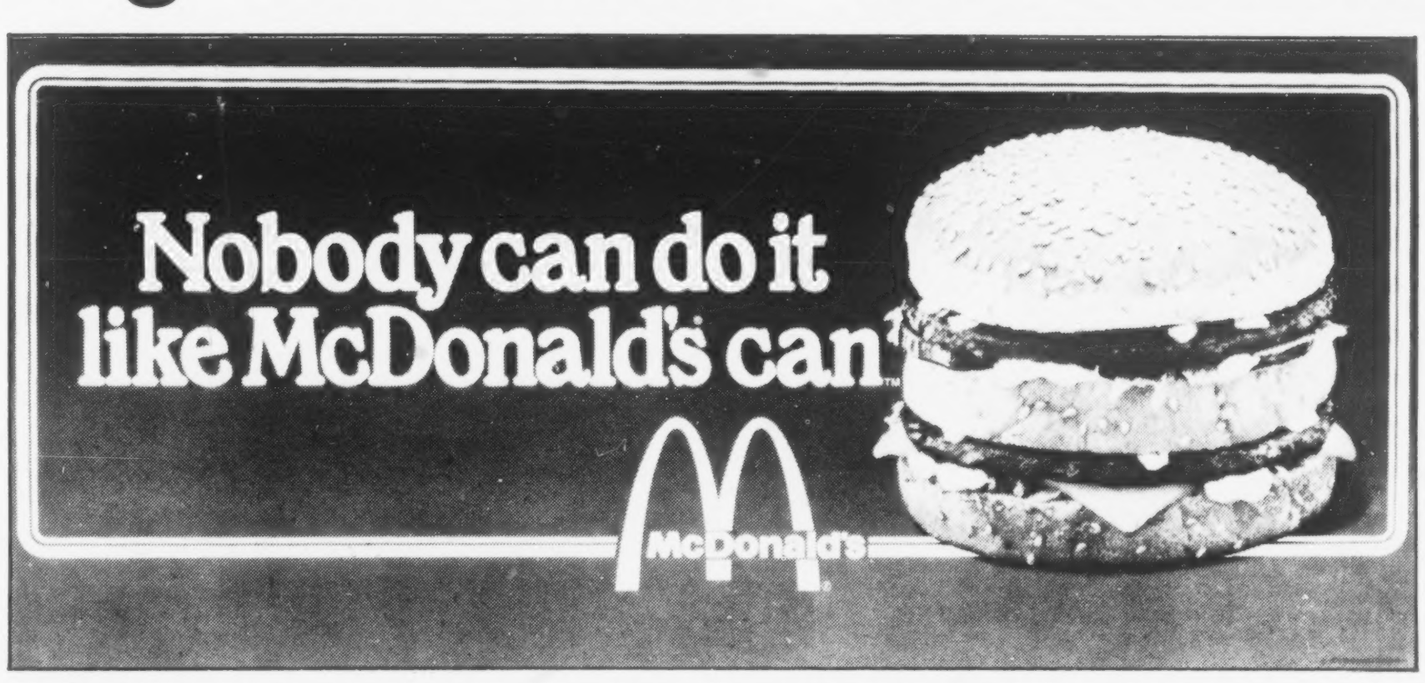
Execs push for stronger marketing

By Joe Edwards

CHICAGO—McDonald's sudden decision to award its lucrative $75 million national advertising account to Leo Burnett Co. ended an 11-year relationship with Needham, Harper & Steers and touched off widespread speculation about the reasons behind the move.

The fact McDonald's had been with Needham for so long was more unusual in some respects than its decision to change agencies. But the switch caught the advertising world off guard. Needham is a highly regarded agency credited with contributing to McDonald's successes.

It is unlikely any one event soured McDonald's relationship with Needham. Rather, a combination of persistence by Burnett executives, McDonald's growing uneasiness about Needham's ability to help fend off increased competition and a feeling on the part of McDonald's executives that it was time to try a fresh approach led to the final break.



McDonald's ad theme developed by Needham, Harper & Steers in 1979 is still in use.

McDonald's, according to one theory postulated by industry observers, may have lost faith in Needham's marketing capabilities and was not satisfied with how the agency serviced the account.

Although McDonald's executives obviously had a hand in the decision to resurrect the "You deserve a break today" campaign this past August, that move may have been later perceived by the chain as a retreat when innovation was needed.

The "break" campaign was originally used between 1971 and 1975 and was McDonald's most effective ad campaign ever, according to the company's consumer research and the testimony of McDonald's franchisees.

Needham replaced the "break" theme in 1975 with "You, you're the one," designed to counter Burger King's catchy "Have it your way" theme. That gave way in 1979 to "Nobody can do it like McDonald's can" which is now being used in tandem with the resurrected "break" ads.

Nothing in recent reports on McDonald's financial condition hints at any trouble as far as sales, earnings or market share are concerned, but Wall Street analysts are divided on the company's current strengths.

(Continued on page 150)

Analysts call chain 'healthy'

NEW YORK—Leading Wall Street analysts do not view the decision by McDonald's to change advertising agencies as an indication of any serious problems at the fast-food company.

While Wall Street skeptics take periodic potshots at the chain, the company fares generally well under the scrutiny of some analysts who track the fast-food business.

McDonald's recent financial performance has been impressive. Two days after the company made news by giving its national advertising account to Leo Burnett Co., it reported a 19% net profit increase to $75.8 million on a 13% rise in revenues to $668 million for the third quarter ended Sept. 30. Systemwide sales for the quarter were up 13% to $1.98 billion.

For the first nine months of the year, McDonald's achieved a 21% increase in net profits to $203.6 million on a 14% revenues increase to $1.88 billion. Systemwide sales for the first nine months jumped 16% to $5.3 billion.

Perhaps more important, though, are the sales gains posted by the chain after adjustments were made for menu price hikes. During the summer, according to two analysts, McDonald's sales were up about 4%.

The ad agency change, according to Roger Lipton, managing director of Lipton Research, and Carl DeBiase, an analyst for Sanford Bernstein, was not related to any problems at McDonald's. Lipton said he thought the chain simply wanted to "freshen up its approach." DeBiase said it may have just wanted to try some new ideas.

(Continued on page 150)

Imported meat crackdown opposed by NRA's Conti

NRN Special Report

Cattle industry-supported legislation to subject foreign meat imports to stringent new United States inspection and labeling requirements could boost the price of hamburgers and hotdogs by a whopping 25%, according to the latest National Restaurant Association analysis.

In a last ditch effort to block passage of pending Farm Bill amendments requiring foreign meat labeling and inspection, NRA board chairman Walter Conti appealed to consumers to rally against the plan which he said could add hundreds of millions of dollars to the nation's food bill.

Charging that the cattle industry plan "would virtually cut off all meat imports" to the United States, he said that the result would be an increase of 9% in overall consumer beef prices.

Aside from these concerns over meat supplies and prices, NRA officials are worried that the proposed restrictions would cause foreign nations to retaliate with trade barriers of their own against United States products.

LATE NEWSBREAKS

United Brands, hard pressed for cash, is negotiating to sell its Santa Monica, Calif.-based A&W burger chain to Taubman Co., a shopping center development firm controlled by Alfred Taubman, who is on the UB board.

Shoney's Inc. was slated to complete its acquisition of Cincinnati-based Famous Recipe Fried Chicken this week. James Hardy, 41, Shoney's Captain D's former franchising and operations vice president, will be group vice president of the 217-unit chicken chain.

Denny's Inc. achieved a 41% net profit rise to $10.7 million on a 16% revenues gain to $241 million for its first quarter ended Sept. 25, compared with the same period last year. Customer counts jumped about 4.5% at Denny's restaurants and 2% at Winchell's doughnut houses over the comparative 1980 quarter.

Unigate, a British company, is reportedly acquiring Casa Bonita, Dallas-based operator of 60 Mexican fast food and family restaurants for $17 million in cash.

Chart House eyes Luther's for major franchising push

By Donald Frazier

LAFAYETTE, La.—With a new president, a new division within Chart House Inc. and average store sales of more than $1.2 million yearly in its nine units, Luther's Bar-B-Que is poised for rapid expansion.

Although Chart House has not yet made any formal disclosure of its plans for the recently acquired concept, the financial community expects the company to unveil a major franchising effort after its board meeting this month.

An expanded Luther's division, linked with the company's 280 franchised Burger King units, its new Mexican concept and its established dinner-houses, would give the company a crucial fourth leg in the industry, turning a franchisee into a franchisor as well.

Reflecting its activity on diverse tiers of the industry, the company is pegged for annual earnings increases of about 20% during the next few years. Over the last few years its annual sales have increased by about 14% to the fiscal 1980 total, $312.5 million.

Franchising, though, is an essential component of this long-term strategy of strength in diversity. An attractive vehicle for franchising can offer fast growth and minimal risk—*if* its research and development stage is over, as it may be for Luther's.

The promise of the Luther's concept lies in the vogue of Southwestern themes throughout the industry. New barbecue restaurants are springing up all over the country, but few before Luther's demonstrated potential for standardization and thus for expansion through franchising.

The appointment of Roger Kisiel to head the division also points toward the imminent expansion of Luther's. Former senior vice president of operations with Hardee's, he divested himself of a major Bojangles franchise so he could come to Chart House, according to Robert Luckey, Chart House president.

The cafeteria-style Luther's units serve barbecue platters, priced at about $5.50, as well as barbecue sandwiches and hamburgers. The units are decorated in a rustic, unfinished-wood motif and are brightly lit, lending themselves to lower-income, family clientele.

The nine units now open are located in the South and Southwest, the prime areas for expansion of the concept. So far, the operational complexities of preparing and serving barbecue items have kept the demand for it unfulfilled in the lower income markets by the large chains.

The prospects of Luther's is only one question mark in the company's future. Chart House is also counting on its new Cisco's Mexican concept to reverse the decline of its Cork 'N Cleaver steakhouses.

Cisco's began as a low-investment high-traffic concept to replace Cork 'N Cleaver units, many of which were faltering. But now, according to Chart House vice president for development Roy Guerra, the company is designing Cisco's units to be built from scratch, indicating its expansion too is imminent.

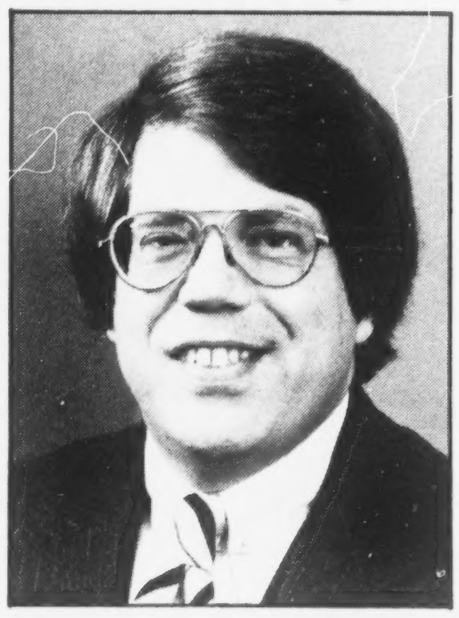
Annual sales at the com-

(Continued on page 149)

Welter replaces Diamond at Wendy's

DUBLIN, Ohio—Wendy's has named William Welter as senior vice president for marketing, replacing Darrough Diamond who held that post for 13 months.

Wendy's said Diamond "resigned." Diamond, formerly McDonald's national advertising manager and then president of Arby's franchise association, could not be reached for comment.



His Background

Welter, 36, joined Wendy's in January as marketing vice president. Prior to joining the fast-food chain, he served as vice president and account supervisor for Needham, Harper & Steers, where he handled McDonald's national account.

In his 15-year career in advertising with two major ad agencies, Welter also worked on such accounts such as Kentucky Fried Chicken, Procter & Gamble, Kellogg and General Mills.

Welter will report to Ronald Fay, Wendy's executive vice president and chief operating officer.

According to Robert Barney, Wendy's president and chief executive officer, the company does not anticipate any changes in its relationship with its national advertising agency, Dancer Fitzgerald Sample, or its existing advertising campaign.

Tony Roma's-Grace involvement grows

MIAMI—W. R. Grace's Far West Services restaurant division has widened its involvement with Tony Roma's, the Florida-based barbecue chain.

Far West last month converted two more of its restaurants—a Baxter's in Smyrna, Ga., and a Plankhouse in Dallas—to Tony Roma's, bringing to three the total of Tony Roma's now linked to Grace.

Grace first teamed up with the barbecue chain earlier this year with the conversion of a Plankhouse restaurant in Atlanta. Under the agreement between the two companies, all three restaurants continue to be owned by Far West, but are operated by Tony Roma's, with Far West providing all administrative functions.

Whether Far West will convert other restaurants to Tony Roma's remains to be seen, however. According to Anwar Soliman, who heads Grace's restaurant group, the three conversions are "test units" whose performance will determine any future course of action.

"We're just moving very slowly on it," Soliman said.

Far West recently began recasting the concept of its dinner-house chains, Reuben's and Plankhouses, whose profitability has reportedly been declining. Converting at least some of them to Tony Roma's might be one answer: According to Soliman, the first converted Far West unit has seen volume climb by about 50%.

The conversions bring to 25 the total of Tony Roma's operated, licensed or franchised by the Roma Corporation, a company owned by Dallas industrialist Clinton W. Murchison Jr. and Miami attorney Jack Peeples.

Three of the units are located in Tokyo. Over the past 18 months, Tony Roma's were also opened in Las Vegas and Honolulu, among other locations. A New York location is scheduled to open soon.

The restaurants' annual sales are believed to average in excess of $2 million a year. Signature items are ribs, barbecued chicken and onion rings, although such items as steak, burgers and seafood are offered as well.

Nathan's still seeking cure for financial ills

NEW YORK—Despite attempts to market, promote and sell its problems away, Nathan's Famous is still fighting to survive.

In the last year the company shut down 23 restaurants. This fiscal year, ended March 29, Nathan's reported a net loss of $1.6 million, more than double last year's loss. Last fall seven metropolitan New York units were sold to the Marriott Corporation and while rumors of an acquisition circulated at the company's annual meeting last summer, no buyer came forward.

Revenues declined to $22 million this fiscal year, which ended in March, from about $35 million in 1977. At the annual meeting, Murray Handwerker, president of the hotdog and delicatessen chain, said that in the past year Nathan's has been forced to "bite the bullet."

He told a group of stockholders that Nathan's difficulties resulted from bad luck in franchising and poorly conceived empire-building plans. In 1971 the company began to franchise with a "Nathan's Junior" concept: a smaller facility than the prototype Nathan's, with a limited menu. Dozens of the "Juniors" were opened. In 1975 Handwerker bought 29 small units from the defunct Westons chain. Most became franchise locations.

Until then, "Nathan's forte was variety," said Handwerker. Though its signature item is the hotdog, Nathan's had built a customer base by serving a variety of foods. Promotional advertising emphasized that families eating at Nathan's could "eat and let eat."

As it turned out, the chain could not make a more limited concept fly.

"We saw the handwriting on the wall a little too late, I guess," Handwerker said.

Franchising also turned out to be a major headache for the president and Nathan's still has litigation pending against the owners of two stores in Manhattan.

"Absentee landlords, you know, they were just lousy," Handwerker said.

In at least one neighborhood Nathan's developed a reputation for attracting "a bad element," as a member of one community board put it. In Greenwich Village a lengthy struggle with a local community board ended in the chain's withdrawal from the market.

(Continued on page 150)

Dunkin' Donuts unveils new ads

RANDOLPH, Mass.—Targeting the supermarket bakery as its major competitor for the 1980's, Dunkin' Donuts has unveiled a new advertising strategy stressing the freshness and quality of its product.

The new ads—the first phase of a $15 million campaign—recently appeared on network television and in major cities served by the segment-leading company.

The more than 10,000 supermarket bakeries, their numbers doubled over the last five years, have snared a 35% share of the doughnut market, according to Elliot Karlin, director of advertising.

To lure doughnut customers into the 1,061 Dunkin' Donuts shops, the ads feature a prospective supermarket bakery customer who discovers a poor assortment of stale and ill-prepared doughnuts before gladly turning to the Dunkin' Donuts' version.

The new strategy is the result of intensive market research in the beginning of 1981, according to Dunkin' Donuts president Robert Rosenberg.

"We knew that the other chains are not our competitors, so we needed to know who was so we could orient our campaign accordingly," he said.

The research indicated two things. First, that supermarkets are vigorously installing in-store bakeries—1,300 in 1981 alone—to take advantage of shoppers' desire to do all of their shopping in one place.

But it also pointed to one major weakness of the in-store bakeries: consumer's perception that their product is of low quality. The high costs of operating a "from-scratch" bakery have caused many supermarket

(Continued on page 150)

HIGHLIGHTS IN THIS ISSUE

The lodging industry is on the verge of changing in the coming years. In this issue *NRN* examines the lodging outlook, analyzing its emphasis and where it's heading. *Pages 67-98.*

Quality is expected to influence consumer choices through the 1980's, according to a recent survey. *NRN* editor Charles Bernstein considers this appropriate now that meat standards are getting special treatment by the U.S. Department of Agriculture. *Page 6.*

Establishing trust when it comes to offering wine in restaurants has been challenging operators in recent years. Wine and Spirits columnist Mort Hochstein provides an example of how one operator developed a good reputation. *Page 14.*

Successful promotions offer entertainment, nostalgia and low prices. One reliable traffic booster is the price rollback, which *NRN* explores in this issue's Promo Pointer's column. *Page 12.*

Computer technology is fast becoming a restaurant operator's secret weapon. For Al Falchi, owner of San Francisco's Waterfront restaurant, it helps determine precisely where he's making his money. *Page 12.*

Operating a restaurant on instinct has helped Ruelle's owners not only attract young singles but the media and several celebrities as well. *Page 16.*

Tough economic conditions are having an opposite affect on Luby's Cafeterias. Its 1980 customer count have been consistently solid and sales are going up. *Page 111.*

Expanding on last year's National Restaurant Association (NRA) Show, NRA is planning a larger exhibition area, an authentic food-service kitchen and a closed circuit television broadcast for its 1982 show. *Page 147.*

REGULAR FEATURES

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California Milk regional insert—Pp. 22a-22b

Vol. 15, No. 23 November 9, 1981

COMMODITIES

Beef consumption falls as production increases

***NRN* Special Report**

Consumption of beef has fallen over the past three or four months, and production has increased. As a result, beef stocks in cold storage are growing, putting pressure on prices, which last month fell by nearly 10% over last year at the same time. As operators have discovered, beef is a highly volatile commodity, and price outlook for the coming months is cloudy, however, it appears that the lower prices may hold through the end of the year.

Contributing to the lower prices are increased competition by broilers, which are down nearly 10% from last year. Feed for cattle has also dropped, with the price of corn down 23% and the price of soybeans down 19% from 1980 levels. With lower feed prices, producers are selling more cattle to feedlots, although overall herd levels do not seem to be dropping. The long expected increase in herds is still in the distance, according to U.S. Department of Agriculture economists. Rangeland in Western states has still not fully recovered from the drought of last year and ranchers hesitate to invest at high interest rates in more cattle.

Unconfirmed rumors that the United States might sell beef to Russia, which had a major shortfall in its grain crops this year, pushed beef prices up several cents per pound. Such sales are unlikely, though not impossible. Russians would probably prefer lower cost beef from New Zealand, Australia and Argentina. Brazil has also become a net exporter of beef in the past several years.

Coffee Prices Rise

Green coffee prices have spurted to within 2¢ of last year's price at this time, because quota agreements by the International Coffee Organization, to which Brazil subscribed, and extremely heavy buying by United States roasters for the winter coffee drinking season. Roasters had permitted its stocks of higher priced coffee to be depleted and are now buying. In early October, Procter & Gamble raised its wholesale price of vacuum packed coffee by 25¢ a pound, but General Foods and Nestle refused to post any increases. At presstime, P&G was still out ahead of the pack and lonely; industry watchers expected either reluctant increases by GF and Hills or a drop by P&G.

The International Cocoa Organization has been flexing its muscle during October. It started buying world stocks to keep the prices up, and for a while the tactic worked, moving the price from about 98¢ to over $1.04 a pound. But after the rise, the price started to slip back again, and by mid-October was expected to be below $1 per pound.

Dairy Price Supports Raised

Butter is up again, to $1.5075 a pound for Grade AA at producer's f.o.b. prices. This is because another round of Federal price increases took place in support levels, and were passed on to food-service operators and consumers. Commodity Credit Corporation officials have a lot of room to store more butter, which they pay $1.56 a pound for, since the last summer sale of more than half of the Government's butter stocks to New Zealand at about half the price it had cost.

World stocks of sugar are in bumper supply and the world's price is depressed below the 12¢ a pound which triggers United States import "fees." As a result, another 1¢ of tax was placed upon sugar early in October, bringing the price to the United States up by another 2¢. But prices now are less than 50% of last year's levels, and sugar is a bargain for operators using it heavily.

Price & Supply Roundup

Fruit cocktail prices are down by 12% from last year, even though the increased costs of manufacturing (energy) and higher peach prices have begun to push up levels. . . . There is a big pear crop in California, Oregon and Washington, according to the pear producer organization in that area. . . . Orange juice frozen concentrate, after a strong rise in futures during September, dropped in mid-October, based upon U.S.D.A. crop estimates.

PRICE MOVEMENT AT A GLANCE

	Oct. 9, 1980	Sept. 9, 1981	Oct. 9, 1981
Beans, Navy, dry, Mich. (cwt.)	$27-28	$31	$43
Beef, Choice, 700-900 lb. Midwest (lb.)	$ 1.07	$ 1.03-1.04	$ 0.97-0.98
Broilers, Grade A, ice pack, N.Y.C. (lb.)	$ 0.5111	$ 0.4831	$ 0.4601
Carrots, frozen, Grade A, whole (lb.)	$ 0.415-0.42	$ 0.455	$ 0.46
Coffee, green beans, N.Y.C. (lb.)	$ 1.30	$ 1.10	$ 1.28
Corn, frozen, Grade A (lb.)	$ 0.37	$ 0.46-0.47	$ 0.46-0.47
Fruit Cocktail, Choice HS, Calif. (6/10)	$17.40	$14.40	$14.40-$15.25
Lettuce, Iceberg, Salinas (24s)	$ 4.50	$ 6.50-7	$ 3.50-4
Pork Loin, 14 down, Midwest (lb.)	$ 1.0175	$ 1.06-1.065	$ 1.02
Sugar, cane, refined, N.Y.C. (lb.)	$ 0.5710	$ 0.2410	$ 0.2660

Source: *NRN* Research

Prices listed are packers' f.o.b. plant, unless specified, and do not represent the prices paid by the operator. This list is only a reference to indicate price trends against benchmarks of one year ago and one month ago. Products listed are those showing marked movement in price.

Breakfast adds punch to sales at McDonald's, Hardee's units

By Charles Forman

Continuing increases in breakfast sales at McDonald's and Hardee's should offset projected reverses in basic hamburger business at both chains, according to food-service chain analyst Carl DeBiase.

He reported McDonald's estimated 1981 breakfast sales as 17.9% of total sales, vs. 17.2% last year. Hardee's 1981 estimated breakfast sales were pegged at 25% of total sales, up from 19.6% last year.

In menu terms, McDonald's breakfast strategy centers around the Egg McMuffin, selling at a 1981 estimated average price of $1.16, up 7.3% from last year, and an Eggs & Sausage Platter, selling at a 1981 estimated average price of $1.61, up 6.8% from 1980.

Hardee's breakfast menu concentrates on a Sausage & Biscuit item, selling at a 1981 estimated average price of $0.74, a decline from last year's average price of $0.75 for the same item, and Biscuit with Sausage & Eggs, which costs customers an average today of $0.98, 10% more than last year.

In the South, McDonald's also has a Sausage Biscuit, which at an average price of $0.96 is $0.22 more expensive than Hardee's Sausage & Biscuit.

DeBiase's figures and analysis are part of an annual survey that has tracked McDonald's breakfast sales since 1976 and Hardee's since 1979.

The chains' breakfast sales are growing at the expense of traditional coffee shops, DeBiase noted. Most coffee shop sales erosion is occuring in the menu items also sold by the two fast-food chains.

For 1981 estimated average number of breakfast checks per unit per year is up 10% to 89,700 at McDonald's and up 28% to 93,300 at Hardee's.

Hardee's average breakfast check has risen about 12% to $1.78. McDonald's has edged up just 4¢ to $2.16.

Breakfast sales strength at both McDonald's and Hardee's should keep 1981 store sales, adjusted for menu price increases, at about 1980 levels at both chains, DeBiase said.

DeBiase estimated declines in hamburger business for both chains, after adjustment for menu price increases. He predicted that 1981 average check would rise roughly 5% for both. A 1.5% increase in check count was predicted for McDonald's and an unchanged check count for Hardee's.

DeBiase said the United States breakfast market is probably maturing and that the entrance of additional chains into the market will not expand it but more likely intensify competition.

He suggested that in the absence of a dynamic growth market it might be impossible for newcomers to the breakfast market to achieve adequate rates of return on their investment.

In the case of McDonald's and Hardee's, considerable competition now exists in Hardee's major market area, the South.

DeBiase said that in all areas of marketing activity, including drive-through windows, phone orders and promotions, McDonald's is more active in the

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Canteen's Miller out; McGuire to succeed

CHICAGO—Howard C. Miller has resigned as president and chief executive officer of Canteen Corp., the $800 million volume vending, food-service and concessions concern and subsidiary of Trans World Corp.

The parent company named James T. McGuire, who had been Canteen's executive vice president since 1976, to succeed Miller.

Miller's resignation triggered speculation that he was pressured to resign because of Canteen's profit performance. His exit might have also been foreshadowed by Trans World's promotion last January of another, younger food-service executive over Miller's head. Miller, who is 55, could not be reached for comment.

Trans World appointed Charles Bradshaw, 44, chairman of Spartan Foods, another Trans World subsidiary, to the newly created post of senior vice president for food services at Trans World last January. Spartan Foods, operator of about 230 Hardee's fast-food restaurants and 80 Quincy's Family Steakhouses in nine Southeastern states, was acquired by Trans World in 1979 and has grown rapidly since.

With Bradshaw's appointment, Miller had to report to him. Previously he reported directly to Trans World Corp. chairman L. Edwin Smart.

Reached by telephone, Brad-

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Sambo's fails to pay 1st loan installment

CARPENTERIA, Calif.—Sambo's Restaurants Inc., which failed to pay the $4.8 million first installment of a $100 million restructured loan, is negotiating with its lenders in hopes of reaching some new financial arrangement with them.

On Sept. 30 the financially beleaguered chain missed the due date for payment of $1 million in principal and $3.8 million in interest owed under a July 1980 restructured agreement between Sambo's and its 17 unsecured lenders.

The company also said in a statement that it is failing to meet certain financial-ratio covenants included in the loan agreement.

Technically, any of the lenders has the right to demand payment of their portion of the $100 million loan because of the default.

"That's what could happen," a Sambo's spokesman said. He added, however, that what would probably happen will be continued talks until the situation is resolved.

"I wouldn't characterize the negotiations as major or minor," he continued. "They're just negotiations."

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Pillsbury restructures restaurants

Poppin Fresh Pies integrated

MINNEAPOLIS—Pillsbury Co. has restructured its restaurant operations by placing Poppin Fresh Pies, the 69-unit coffee shop/family restaurant chain, under the direction of Steak and Ale, its Dallas-based subsidiary.

To facilitate the change, Jeffry J. Shearer has been named executive vice president and general manager of Poppin Fresh restaurant group. Shearer, a former regional manager in Greensboro, N.C., for the Steak and Ale dinnerhouse chain, reports to J. Michael Jenkins, Steak and Ale's executive vice president.

Shearer, a nine-year Steak and Ale veteran, replaces Donald J. Ryan, a former Friendly Ice Cream executive, in the top spot at Poppin Fresh. Ryan resigned his post last month.

"Poppin Fresh used to report to the chief executive officer at Pillsbury," a company spokesman said. "That's all been changed—it reports now to Steak and Ale. That's where the resources of our restaurant operations are."

Poppin Fresh Pies restaurants, situated mostly in the upper Midwest, have been suffering in the last two years from decreasing customer counts. "The profitability has been pretty good," the spokesman said, "but unit sales have been going down."

Average unit sales at Poppin Fresh restaurants were $902,000 at the end of fiscal 1981 in May, compared to $945,000 the previous year. Pillsbury, which also owns Burger King, does not break out the earnings of its individual restaurant operations.

Poppin Fresh Pies restaurants had total sales of $62 million in fiscal 1981. Total Pillsbury restaurant sales that year were $1.2 billion. There are 273 other restaurants in the Steak and Ale group, including Steak and Ale dinnerhouses, Bennigan's and Le Chateau.

Shearer's appointment was made by Hal W. Smith, president and chief operating officer at Steak and Ale, who also named Michael Kwiatkowski senior vice president of operations for Poppin Fresh. He was formerly vice president of operations.